

2015 BUDGET LEGISLATION FISCAL NOTE

Department:	Contact Person/Phone:	CBO Analyst/Phone:
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Legislation Title: AN ORDINANCE relating to employment in Seattle; adding a new Chapter 14.20 to the Seattle Municipal Code; creating an administrative process for wage and tip compensation complaints by establishing wage and tip compensation requirements; prescribing remedies and enforcement procedures; adding provisions related to wage theft; and amending Sections 5.55.230 and 12A.08.060 of the Seattle Municipal Code.

Summary of the Legislation:

This legislation creates an administrative process for complaints of unpaid wages and tips (commonly referred to as “wage theft”) for work performed in Seattle. This ordinance will be administered and enforced by the Office of Labor Standards within the Office for Civil Rights. The legislation also provides that where prompt compliance with a remedy (as defined in a Director’s order for which all appeals have been exhausted) is not forthcoming, the Director may request the City’s Department of Finance and Administrative Service refuse to issue, refuse to renew, or revoke any business license held or requested by the employer or person until such time as the employer complies with the remedy as defined in a Director’s order.

Background:

Research shows that the theft of wages by employers with unscrupulous business practices is a significant problem around the country. One 2008 study found that more than two thirds of 4,387 workers surveyed in low-wage industries experienced at least one pay-related violation in the previous work week, amounting to an average loss of 15 percent of weekly earnings.

Application of this finding to the estimated 102,000 workers in Seattle making less than \$15 an hour indicates that a significant number of workers may regularly experience wage theft in our city. Casa Latina, a Seattle-based non-profit organization, reports filing 100 wage theft complaints with the Washington Department of Labor and Industries in an 18-month period from 2010-11, and receiving 250 calls per year from workers who say that they are not getting paid.

In 2011 the City Council unanimously passed Ordinance 123596 to criminalize wage theft, but as of April 2014, only 11 wage theft complaints had been filed with the Seattle Police Department. The high standard of proof for establishing criminal wage theft may deter workers from reporting this type of violation. These workers often are among the most vulnerable in our community and also lack access to resources and time to appeal their unpaid wages and tips.

Encouraging greater compliance with laws requiring payment for wages and tips benefits all workers by ensuring a level playing field in the labor market. Greater compliance also benefits businesses that already comply with these laws.

For this reason, the City of Seattle is seeking a stronger incentive for employees to report unpaid wages and tips, and for employers to comply with wage and tip compensation requirements.

x **This legislation does not have any financial implications.**

Summary of Changes to Revenue Generated Specifically from this Legislation:

	Revenue Source	2015 Proposed	2016 Proposed
Total Fees and Charges Resulting From Passage of This Ordinance			

(If new revenue is for a partial year, provide estimate for full year in the notes section below.)

Revenue Change Notes:

Anticipated Total Revenue from Entire Program, Including Changes Resulting from this Legislation:

Fund Name and Number	Revenue Source	Total 2015 Revenue	Total 2016 Revenue
TOTAL			

Total Revenue Notes:

Other Implications:

a) **Does the legislation have indirect financial implications, or long-term implications?**
No.

b) **What is the financial cost of not implementing the legislation?**
No.

c) **Does this legislation affect any departments besides the originating department?**
The City's Department of Finance and Administrative Services shall have the authority to refuse to issue, refuse to renew, or revoke any business license in accordance with the Ordinance, specifically subsection 14.20.070.F.4.

This ordinance also permits the City Attorney's Office to pursue collection procedures against an employer that fails to comply with a Director's order to remedy a notice of violation and/or a hearing examiner judgment.

d) **What are the possible alternatives to the legislation that could achieve the same or similar objectives?**

None identified.

e) Is a public hearing required for this legislation?

No.

f) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

No.

g) Does this legislation affect a piece of property?

No.

h) Other Issues:

None.

List attachments to the fiscal note below: